

DONNA LEE H. WILLIAMS
INSURANCE COMMISSIONER

State of Delaware



841 SILVER LAKE BLVD.
DOVER, DELAWARE 19904-2465
(302) 739 - 4251
FACSIMILE (302) 739 - 5280

Department of Insurance

AUTO BULLETIN NO. 6

INTERCOMPANY TRANSFERS OF INSURED

Original No. 87-3
Received June 12, 1987
Amended April 15, 1992

Although it has been the policy of the Delaware Insurance Department since at least 1982, to interpret 18 Del. C., Section 3904, "Cancellation or Nonrenewable of Automobile Policy;...Reasons for Cancellation or Nonrenewable" as prohibiting intercompany transfers, it has come to our attention that there may be companies interpreting this statute differently. Section 3904 prohibits cancellation or nonrenewable of a policy of automobile insurance unless based on specifically permitted reasons.

The Department believes that it is clear that transfer from one company to another is, in effect a cancellation of an existing policy and the issuance of a new policy in a new company, and is prohibited under the law.

The Department understands the underwriting reasons why a company may wish to transfer a policyholder between companies in an insurance holding company group and would not resist legislation designed to permit this. However, pending any change in the existing language, the Department will not permit individual policyholders to be transferred to another company without the policyholder's specific approval.